

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

August 24, 1999

IN RE:)	
)	
PETITION OF BLEDSOE TELEPHONE)	DOCKET NO. 99-00304
COOPERATIVE, INC. FOR APPROVAL OF AN)	
INTRALATA TOLL DIALING PARITY PLAN)	

**ORDER APPROVING THE INTRALATA TOLL DIALING PARITY
IMPLEMENTATION PLAN**

This matter came before the Tennessee Regulatory Authority (the "Authority") on June 22, 1999, at a regularly scheduled Authority Conference, to consider the Petition of Bledsoe Telephone Cooperative, Inc. ("Bledsoe") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.¹ Specifically, section 251 (b)(3) of the Act states, "Dialing Parity - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further states in sections 251(f)(1) and 251(f)(2) that a rural telephone company may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

¹ Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 47 U.S.C. §§151 *et seq.*

FILE

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings in FCC 96-333 Order (Docket 96-98) adopted on August 8, 1996. This Order sets forth the criteria and guidelines for filing of a plan by all carriers. Subsequent to this Order the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services.² On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity.³

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released FCC 99-54 Order (Docket 96-98) on March 23, 1999, which set forth revised implementation dates for dialing parity. This Order establishes April 22, 1999 as the new date by which all Local Exchange Carriers must file an IntraLATA Toll Dialing Parity Plan with State Commissions for approval. The Plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the Plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the Plan by June 22, 1999.

Bledsoe is a telecommunications company operating under Tenn. Code Ann. Title 65, Chapter 29 as a cooperative local exchange carrier that provides telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, Bledsoe is required to file a plan with the Authority that provides for implementing intraLATA toll dialing parity throughout Bledsoe

² FCC v. Iowa Utils. Bd., United States Court of Appeals for the Eighth Circuit, July 18, 1997.

³ AT&T v. Iowa Utils. Bd., 119 S.Ct. 721 (1999).

exchanges in Tennessee.⁴ This plan must allow customers to pre-subscribe to different carriers for local service, intraLATA toll service and interLATA toll service.⁵

Bledsoe filed its IntraLATA Toll Dialing Parity Implementation Plan on April 23, 1999. The Plan was amended on May 28, 1999, June 14, 1999 and June 16, 1999. The amended Plan containing Bledsoe's Petition for Approval is attached hereto as Exhibit I and is fully incorporated herein by this reference.

The Directors considered Bledsoe's Plan at the June 22, 1999 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth by the FCC in Docket 96-98, FCC Order 96-333 and FCC Order 99-54.⁶ The Plan provides for a method that enables customers to select alternate providers of telephone toll service; a method which allows customers to choose different carriers for interLATA and intraLATA service; customer notification/education procedures; and a PIC change charge waiver period. The Directors unanimously voted to approve Bledsoe's IntraLATA Toll Dialing Parity Implementation Plan, as amended, with the requirement that Bledsoe comply with all applicable sections of FCC Order 96-333 upon implementation of intraLATA equal access.


⁴ Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation; and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

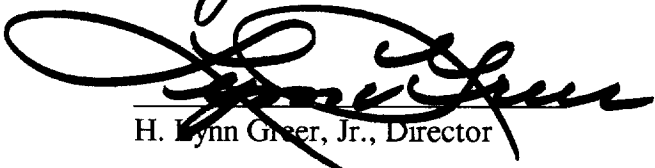
⁵ Pre-subscription allows the customer to place a call without dialing an access code.

⁶ FCC Order 96-333, released August 8, 1996, sets forth the requirements for implementation of IntraLATA Toll Dialing Parity. FCC Order 99-54, released March 23, 1999, extends to June 22, 1999 the deadline for state commissions to act on a LEC's IntraLATA Toll Dialing Parity Plan.

IT IS THEREFORE ORDERED THAT:


1. The amended Plan of Bledsoe Telephone Cooperative, Inc. for IntraLATA Toll Dialing Parity Implementation, a copy of which is attached as Exhibit I, is hereby approved and is incorporated in this Order as if fully rewritten herein;
2. Bledsoe Telephone Cooperative, Inc. shall comply with all applicable sections of FCC Order 96-333 upon implementing IntraLATA equal access; and
3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

REC'D TN
REGULATORY AUTH.

'99 JUN 14 PM 12 04

INTRALATA TOLL OFFICE OF THE
DIALING PARITY EXECUTIVE SECRETARY
PLAN

RECEIVED

JUN 14 1999

TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

Bledsoe Telephone Cooperative, Inc.
Pikeville, Tennessee

Revised June 11, 1999

I. Purpose

Bledsoe Telephone Cooperative, Inc. (Bledsoe) has described herein the process for implementing intraLATA toll dialing parity in all five (5) of the Bledsoe exchanges of College Station, Dunlap, Fall Creek Falls, Nine Mile and Pikeville located in the Chattanooga LATA in the state of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide Bledsoe customers the ability to select the participating telecommunications carrier of their choice for routing their intraLATA toll calls.

Bledsoe Telephone Cooperative, Inc. has been advised that even though it is not classified and has specifically been excluded as a utility under the laws of the state of Tennessee, that under the rules and regulations of the Federal Communications Commission, it is considered a LEC, and the Federal Communications Commission ("FCC") has directed that no later than April 22, 1999, all LECs must file intraLATA toll dialing parity plans with the State Regulatory Commission (in Tennessee, the Tennessee Regulatory Authority) for each state in which the LEC provides telephone exchange service if a plan has not yet been filed with such state commission. Bledsoe has not heretofore filed such a plan.

II. IntraLATA Environment

Bledsoe customers in Tennessee can currently dial an access code to complete intraLATA toll calls to another toll carrier. After implementation of the intraLATA toll dialing parity plan, customers will be able to subscribe to the carrier of their choice for intraLATA as well as interLATA service (two-PIC subscription capability). Customers will dial 1+ the area code and number to complete calls using their subscribed carrier. If customers wish to complete a call using a carrier other than their subscribed carrier, they will need to dial the carrier's access code.

Each end office switch will be equipped with the capability of allowing each end user subscriber to select "no-PIC" as a valid intraLATA subscription selection. Customers selecting "no-PIC" as their subscribed carrier will not be able to make intraLATA toll calls on a 1+ or 0+ dialed basis. Such customer will need to dial an access code each time he or she makes an intraLATA call.

In 1992, toll-free intraLATA county-wide calling was initiated for all Local Exchange Carriers via an order from the Tennessee Public Service Commission. BellSouth currently maintains tax-code billing tables to identify "free-county-wide" intraLATA toll calls originated by Bledsoe intraLATA toll customers and to ensure that billing does not occur on these calls. Bledsoe will continue to process toll-free intraLATA county-wide calls in this manner for toll customers after implementation of intraLATA toll dialing as long as technically feasible.

III. Implementation Schedule

The Company will implement toll dialing parity July 22, 1999, subject to TRA's approval of this IntraLATA Toll Dialing Parity Plan, as outlined below:

III. Implementation Schedule (continued)

The steps are as follows:

- a. Provide notification a minimum of two months prior to the conversion to intraLATA 1+ toll dialing parity to all those toll/interexchange carriers which presently offer Feature Group D service in the applicable end offices.
- b. Notify subscribers of the availability of intraLATA toll dialing parity not less than thirty (30) days prior to conversion. (Implementation end date). The generic customer notification follows as Attachment A.
- c. Initially assign all subscribers to BellSouth, subject to receipt of a request to the contrary from a customer, or a "Letter of Agency" (LOA) from an authorized toll/interexchange carrier. An IXC may not forward LOAs to the Company earlier than thirty (30) days prior to the customer conversion date. Letter of Agency contacts shall only be honored from those toll/interexchange carriers first executing an LOA Agreement, which, among other things, acknowledges the toll/interexchange carrier's obligation to follow federally prescribed rules.
- d. Customers that are provided local service subsequent to the implementation of intraLATA 1+ toll dialing parity, will be able to select an intraLATA toll/interexchange carrier using the same procedure currently followed to select an interLATA interexchange carrier.

IV. Carrier Selection Procedures

Bledsoe will implement the full Two-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full two-PIC methodology, customers will be able to subscribe to one telecommunications carrier for interLATA toll calls and subscribe to the same or a different participating telecommunications carrier for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

Bledsoe employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain to customers the process for making PIC changes for intraLATA toll calls. Business Office personnel and the Customer Records system will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

IV. Carrier Selection Procedures (continued)

Existing Customers

Currently, BellSouth is the only subscribed Local Exchange Carrier intraLATA toll provider for existing customers in Bledsoe's local exchange area. In accordance with the implementation schedule, customers may subscribe to any telecommunications carrier offering intraLATA toll service in their exchange. Customers will remain with BellSouth until they affirmatively choose another intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers to Bledsoe directly or through their selected carriers.

Customers will be assessed a PIC change charge for changing their intraLATA carrier at a rate of \$5.00. When customers request a simultaneous change to the same carrier for their interLATA and intraLATA service, Bledsoe will assess two PIC charges, one from the interstate tariff and one from the intrastate tariff.

New Installation Customers

Bledsoe customer contact representatives will be provided discussion guidelines that will provide a new customer with the following information:

1. Inform the customer that a choice of intraLATA toll providers is now available to him or her.
2. Offer to read the customer a list of available carriers in randomly generated order.
3. Advise the customer that various carriers provide intraLATA toll service.

Customers who do not make a positive choice for an intraLATA toll carrier will be notified that they will not be automatically defaulted to a carrier and will be required to dial an access code to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

PIC Charge Waiver Period

Customers will be given a period of ninety (90) days within which to make one change of their preferred carrier at no cost to the customer. This waiver period will begin on the date of customer notification. The costs associated with this waiver will be recovered through the general cost recovery mechanism.

Anti-Slamming Procedures

A charge will be established for "slamming", which is defined as the changing of an end user's local, PIC, and/or LPIC service where the submitting carrier has not complied with Public Chapter 709. Bledsoe will voluntarily subject itself to the rules related to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-56.

V. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following conversion to intraLATA toll dialing parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. Bledsoe anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

VI. Carrier Notification

Current interexchange carriers will be notified of Bledsoe intraLATA toll dialing parity approval via Certified U.S. Mail two months prior to conversion. Carriers that currently participate in interLATA toll will be assumed to be participants in the intraLATA toll market. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying Bledsoe.

VII. Operator Services and Directory Assistance

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard exists for access to Operator Services and Directory Assistance unique to intraLATA services. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" for accessing the local exchange Directory Assistance and dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

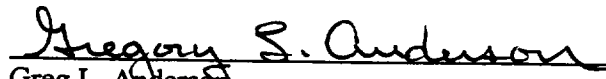
VIII. Cost Recovery

In accordance with 51.215 of FCC Order 96-333, CC Docket No. 96-98, cost recovery for the incremental cost of dialing parity, specific switch software, and necessary hardware and signaling system upgrades, and customer education costs that are strictly necessary to implement dialing parity, will be implemented in a competitively neutral manner across all providers of telephone exchange service and telephone toll service in the area served by Bledsoe. Incremental costs will be recovered from all carriers through a rate element based upon originating intrastate intraLATA switched access minutes of use (MOUs) during the four (4) year cost recovery period. Attached, as Exhibit B, is a detailed explanation of the Cost Recovery methodology. An annual true-up will be conducted and reported to the TRA.

IX. Statement of Compliance

Bledsoe Telephone Cooperative, Inc. will comply with all rules of the Federal Communications Commission and the Tennessee Regulatory Authority.

Executed as of the 11th Day of June 1999,


Greg L. Anderson
General Manager of the Bledsoe Telephone Cooperative, Inc.
203 Cumberland Avenue
P. O. Box 609
Pikeville, TN 37367
Phone: (423) 447-2121

BILL MESSAGE

"Bledsoe will implement local toll 1+ subscription service on July 22, 1999. You are now able to choose a local toll provider. Your current carrier will continue to provide this service for you or you may select another carrier. You may select the same provider as your interstate long distance service provider or you may select a different provider for each service. Your first selection prior to October 22, 1999 will be at no charge.

NEWSLETTER

IMPORTANT NOTICE ABOUT LOCAL TOLL SERVICE

"As of July 22, 1999, you are able to choose your provider of "1+" local toll service. This change allows you to remain with your current carrier or select a different long distance carrier for local toll calls. Please refer to the information pages in the front of your Bledsoe Telephone Directory under "Long Distance-Calling Area" for a description of your local toll calling area.

If you would like to select a different carrier for your "1+" local toll service, you should contact that company. No action is necessary to keep your current provider for these local toll calls.

From July 22, 1999 until October 22, 1999 you will be able to change your local toll carrier one time without charge. There may be a charge for each subsequent change you make in local toll companies."

REC'D TN
REGULATORY AUTH.

'99 JUN 16 AM 11 34

Exhibit B
Revised June 14, 1999

OFFICE OF THE
TENNESSEE
EXECUTIVE SECRETARY
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription. Incremental costs include the following items:

- a) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- b) central office software upgrades
- c) software translations
- d) system programming/testing
- e) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- f) customer notification (bill message, newsletter and special mailing)
- g) implementation activity - administrative costs
- h) PIC change charge waiver

\$56,886

Step 2: Identify estimated total originating Intrastate/IntraLATA minutes of use for the 4 year recovery period.

12,401,440

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.004587

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.